

To: Audit Committee, Field Museum

From: Harlow N. Higinbotham
Susan S. Higinbotham
Edward C. Hirschland

Re: Request for investigation

Date: November 14, 2006

The three of us have cumulatively served a total of 12 years as voting members of the Board of Trustees of the Field Museum of Natural History covering the years 1999–2006.

We are addressing this letter to you out of concern for actions taken during our tenure that we feel have caused harm to the Museum's reputation and financial viability as a leading Chicago cultural institution. We ask that you undertake a prompt, thorough, and independent investigation of these matters so that remedial measures can be identified and pursued to return the Museum to its historic preeminence in terms of good governance, financial integrity, and accurate accounting and reporting.

Taken together, the actions of which we speak constitute a pattern of deception and disregard for commitments to donors, financial institutions, patrons, and trustees, and we feel that these actions seriously diminish the Museum's stature and credibility. Specifically, we highlight the following:

- 1) Repeated assertions of profitable operations despite years of operating deficits
- 2) Misrepresentation of the financial strength of the Museum

The claim that the Museum's "endowment" grew more than \$113 million from \$157 million to \$270.5 million over the ten years ending 12/31/05 is misleading. In contrast, net financial resources [i.e., cash & investments less debt] were under \$100 million at yearend 2005 and have actually declined by over 20% in the last ten years.

- 3) Appropriation of Library Endowment funds for operations
- 4) Accounting restatements, inconsistent disclosures, and delayed reporting
- 5) Misrepresentation to individual and corporate donors (including Women's Board and other benefactors) concerning substantial obligations to share proceeds from the Kennedy Gala with the Kennedy Library
- 6) Sale of important collection assets (the Catlins) under false pretenses concerning curatorial value and interest, mischaracterization of intended use

of funds anticipated from the sale, and possible misuse of funds received, inconsistent with prior assurances

- 7) Deviations from the Museum's bylaws and related obligations under the law, including failure to obtain full Board approval on some significant matters
- 8) Actions to silence, discredit, and retaliate against those who sought to uncover and mitigate these problems.

We are concerned as well with various governance and fiscal issues, including: (a) campaign targets being missed and lowered; (b) capital expenditures that have exhausted the Museum's debt capacity without increasing academic positions or attendance; (c) substantial changes in investment policies; (d) abandonment of budgeting commitment to fund outstanding debt obligations; (e) arguable overinvestment in hedge funds; and (f) adequacy of liquidity reserves.

Over the last several months the three of us have worked to develop a thorough understanding of the facts, based on materials available to us in our capacity as trustees as well as from the public record. We are prepared to share these materials with an appropriate independent investigative committee and hereby request that one be convened. One of us wrote to you on October 9, 2006, and forwarded a letter from nine Library Friends, so far unanswered. Instead the matter has apparently been turned over to the Museum's President. Since the matters above relate specifically to actions of the Executive Committee and senior Museum management, we feel that it is of utmost importance that you take all necessary steps to ensure that your investigation is not tainted by inappropriate involvement of any direct participants.

We and other donors with interest in and knowledge of these issues will be pleased to discuss and substantiate these points, with the shared goal of maximizing the Field Museum's potential as a vital cultural institution in our city.